

Update: Over 100,000 Go Without Housing

PHADA's Cost Neutral Proposal Would Help Fix this Growing Voucher Leasing Crisis

PHADA estimates that for each of the last three years well over 100,000 low-income households (4 percent) could have been otherwise housed with Housing Assistance Payment (HAP) funding already appropriated by Congress in prior years. However, underfunding of Section 8 administrative fees has, in part, contributed to lower levels of leased households and higher levels of HAP reserves than would otherwise be the case if fee proration had been higher. The primary reason for this outcome is that it takes people to help people.

Operating for the fourteenth consecutive year with reduced administrative fee proration – approximately a 77 percent proration for 2017 – the number of low-income households leased in housing authorities' (HAs) voucher programs will likely be lower than would otherwise be the case if something is not done. Inadequate administrative funding continues to compromise HAs' ability to fill Housing Choice Voucher (HCV) program vacancies quickly, perform inspections, ensure housing quality, and fulfill other important voucher program obligations. PHADA's cost neutral proposal would go a long way to sustaining and improving the leasing of households.

HUD Acknowledges the Problem

HUD's FY 2015 Congressional Budget Justifications state, "Cutting administrative fees to the degree that PHAs are unable to sustain the leasing and utilization supported by the renewal funding ultimately defeats the purpose for which that renewal funding is appropriated.... The Department is extremely concerned that the significant administrative fee proration[s] ... have depleted many PHAs' resources. Failing to provide adequate administrative fees will impede and disrupt PHA operations...."

There Won't be More Money

In FY 2017, fee proration yielded are approximately 77 percent fee proration. The House version of the FY 2018 T-HUD appropriations bill yields an approximate 64 percent fee proration and the Senate bill yields an approximate 72 percent proration.

PHADA has and will continue to advocate for improved and adequate administrative fee and HAP funding in a very

public and sustained way throughout each year. However, strict budget caps and other factors have basically precluded sufficient increases in admin. fee funding in annual appropriations acts over many years. This grim budget reality is unlikely to change anytime soon under current law. If anything, administrative fees may decline further, resulting in even fewer households being housed with already HAP funded and authorized vouchers.



Status Quo: More Go Without Housing

Fungibility between voucher money and admin. fees will help fix this problem and will not cost much. PHADA's modeling of the funds necessary to "funge" in order to bring admin. fee proration from approximately 72 percent to 90 percent would be less than 2 percent of the total national HAP-related funds. With affordable housing needs so great for so many low-income unassisted households, enactment of this proposal will help HAs utilize previously appropriated funds to sustain and improve the number of households that could otherwise be leased.

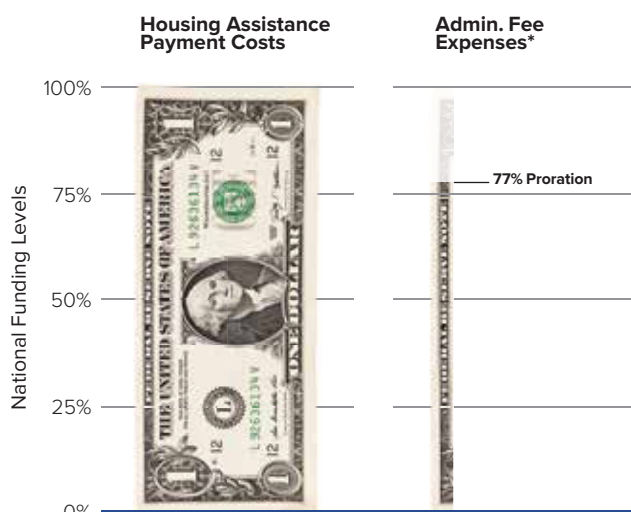
PHADA's Legislative Solution

PHADA's voucher fungibility proposal would give HUD the authority to allow HAs to utilize a portion of their HAP reserves to augment directly appropriated administrative fees, when Congress and HUD do not provide adequate fee funding. HAs could not access their HAP reserves unilaterally. Under this legislative proposal, HUD would have oversight and approval authority over any HA seeking to withdraw a portion of its HAP reserve balances not to exceed a 90 percent proration. PHADA's legislative and report language is accessible at: www.phada.org/pdf/PHADA_VoucherFungibilityLegislativeProposal.pdf.

Admin. Fees Are Needed to Perform Many Functions

HAs are responsible for ensuring that voucher-assisted household reside in decent and safe housing. This is probably the most important but just one of the many critical functions supported by the administrative fee. Even so, the fees earned for such duties seem to be thought of as optional by Congress, as though many tasks required by statute and regulations can simply perform themselves. In the meantime, HAs across the country are feeling the real-world effects of managing a complex, dense and time consuming program with inadequate resources. Some tasks include:

- Managing a waiting list
- Performing intake, briefings and selection of applicants
- Monitoring income targeting of admitted households
- Briefing households about the HCV program
- Performing initial and follow-up HQS physical inspections
- Determining rent reasonableness of dwelling units
- Calculating allowable households' income, deductions, exclusions, rent and utility amounts
- Making timely housing assistance payments to landlords
- Recruiting and retaining landlords
- Gathering and calculating utility data
- Assisting with tenant-landlord disputes and conducting grievance hearings
- Tracking and forecasting rates for voucher success, lease-up, HAP utilization, and households' income to rent burdens
- Performing extensive data entry to transmit a variety of reports to HUD



*Admin. Fee expenses equal 10% of total HAP costs when fully funded. Current prorated amount is only 77%.

- Providing assistance to disabled households' reasonable accommodations requests
- Planning and implementing special programs like Family Self-Sufficiency, HUD-Veterans Affairs Supportive Housing, Family Unification Program, etc.
- Establishing and updating agency Administrative Plan consistent with mandatory policies
- Facilitating portability moves
- Coordinating and developing partnerships with local service providers and agencies
- Providing mobility services such as housing search assistance, transportation, security deposits and family or credit counseling
- Consistently and fairly applying far-ranging policies governing every aspect of HCV programs

HUD's Study Confirms Fees Are Underfunded

In order for HAs to administer well run and efficient voucher programs HUD's administrative fee study showed that in the national aggregate the national funding level at pre-QHWRA fee rates should be 97.4 percent proration. PHADA has serious concerns about the study's recommendations at the local HA level. However, the study results demonstrate that HAs' fees are grossly underfunded in the aggregate.

Please Contact Congress Today

Housing Authorities are encouraged to provide their elected U.S. Representatives and Senators with this issue brief, along with information and impacts on low-income households in their local communities with a request to include this legislative provision in a FY 2018 appropriations bill. Access to PHADA's additional analysis regarding administrative fee funding and the percentage change of households leased each year and its voucher fungibility proposal is available at: www.phada.org/advocate/article.php?storyid=2761; www.phada.org/pdf/PHADAsFungibilityProposal_Questions-and-Answers-to-Advance-the-LegislativeSolution.pdf; and www.phada.org/advocate/article.php?storyid=2764